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The Weak State Trap

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Development outcomes come in 'clusters' that seem difficult to exit. Typically juxtapositioned are states that are both weak in the sense of lacking fiscal resources, but also patrimonial or clientelistic in the way in which they operate. We document the individual behaviour underlying such a cluster using original data from Colombia. We show that tax evasion, as a measure of state weakness, and vote buying, as a measure of clientelism, are highly correlated at the individual level. We argue that while state weakness creates the right environment for clientelism to flourish, clientelism sets in place a structure of incentives for politicians and citizens that is detrimental to building state capacity. We also document that both practices are widely accepted in society, a result consistent with a deeply entrenched relationship of mutually reinforcing influences. Finally, we present evidence of a vector of other types of behaviour and beliefs that are highly correlated with both clientelism and tax evasion, which suggest the presence of multiple feedback loops that we argue justifies calling this situation a trap.

INTRODUCTION

The absence of essential state capacities (such as the ability to control violence, enforce laws, tax and regulate economic activity, and provide public goods to a broad cross-section of society) is a major obstacle to economic development and political stability in many countries in the world (Acemoglu 2005; Besley and Persson 2009, 2010; Fearon and Laitin 2003). But this type of state weakness does not exist in isolation and is usually accompanied by other phenomena. One salient one, identified long ago by Max Weber, is a style of authority that he referred to as patrimonial, now more often called clientelistic.

In this paper, we provide the first evidence that these two things, state weakness and clientelism, are connected at the individual level. Though state weakness is an aggregate phenomena, one aspect of it is the sum of a myriad of decisions by individuals to cooperate or not with the state and its rules. We exploit this observation by measuring an individual's contribution to state weakness by their propensity to evade taxes.[1] We conceive of clientelism more conventionally as the exchange of votes for particularistic benefits like money, jobs and other private rewards. Using original Colombian data, we find that there is a robust and significant positive correlation at the individual level between tax evasion (state weakness) and the propensity to engage in clientelistic relationships. Effectively, we show that clients of political patrons (henceforth clients) are likely to be the same people who evade taxes (evaders).

We do not emphasize a casual interpretation of our findings even though we employ a number of canonical strategies to control for unobservables. Our main contribution is to show how closely these two phenomena are associated at the individual level, and how this association is very similar across individuals with very different backgrounds. This

implies that these phenomena are linked in ways that have not been appreciated before, which we believe throws new light on the macro association.

We then demonstrate, again at the micro level, that tax evasion and clientelism robustly correlate with a set of other phenomena, behaviours and beliefs. Evaders and clients are in places with lower levels of public good provision, a plausible result of (but also an encouragement for) clientelistic practices. Yet there is no correlation between measures of income or socioeconomic status and the tendency to either evade taxes or engage in clientelism. Clients exhibit more reciprocity in both the negative and positive senses (as in Finan and Schechter 2012; Lawson and Greene 2014), while evaders demonstrate more negative, but not more positive, reciprocity. Both evaders and clients articulate less belief in democracy and are less likely to engage in collective actions like protests, yet they are not alienated from the political system, possibly because it is this that provides clientelism. Indeed, they are more prone to have had contact with politicians. They are also more likely to have a party identity and even a well-defined political ideology. Nevertheless, they are also less likely to use readily available sources to acquire information about politics. Both evasion and clientelism are also associated with a greater likelihood to think it legitimate to break the rules, bribe and take justice into one's own hands.

Taken together, we argue that these phenomena add up to a set of mechanisms that likely reinforce the basic cluster of state weakness and clientelism, justifying the use of the word 'trap'. Though the literature has proposed the idea that clientelism and state weakness are reinforcing, it has emphasized a single feedback loop: clientelism is personalized and mitigates against the provision of public goods, while the underprovision of public goods makes people more dependent on clientelism.

We find this link in our data, but the second main contribution of our paper is to show that there are other feedback loops that work in the same direction. Clientelism's personalized nature displaces formal demands on the state and fragments society, making it difficult to engage in collective action. Also, once they receive personal benefits, clients have weak incentives to be well informed about the more general competence of politicians. Finally, anticipating that clientelistic politicians likely get private rents from office, clients have an easy excuse to not cooperate with the state and its rules, including paying taxes. That clients are relatively uninformed, do not act collectively towards the state, and are willing to break rules, undermines institution building and makes it easier for politicians to use clientelistic strategies.

Perhaps most telling here, our results with list experiments are identical to those with direct questions; there seems to be no ethical inhibition in admitting to engaging in either tax evasion or clientelism, despite the fact that both are illegal. The natural interpretation of this is that such people do not see their actions as violating what is right or legitimate, the normative order, in Colombia.

Our results also speak to the stability of the weak-state–clientelism trap with respect to several canonical perturbations. First, our results on income and poverty suggest that there is no simple development/modernization route out of the trap. Second, our findings on reciprocity suggest that those engaged in clientelism are able to sustain their part of the reputational equilibrium necessary for it to work, suggesting that clientelism is unlikely to collapse on its own. We interpret our results on reciprocity and tax evasion to imply that the channel of 'tax morale' is broken in Colombia—the absence of a correlation between positive reciprocity and tax evasion implies that tax evaders would not respond naturally to the provision of more public goods by willingly paying more taxes. This blocks another potential exit strategy. Third, our political findings show that solving the problem of the weak-state–clientelistic nexus is not a matter of combatting

political alienation, increasing participation, or making institutions more accessible and open, which are often the proposed solutions to problems of clientelism. Our data suggest that evaders and clients are more involved in politics and in greater touch with politicians. Neither is the solution the promotion of more programmatic or ideological parties. Contrary to standard arguments in political science, in our data, clientelism does not stand in opposition to ideological commitments. Fourth, our findings about the ambivalence towards rules make it likely that clients' and evaders' behaviour will be resilient to changes in the rules or increased attempts to enforce the rules. Finally, our results do not suggest that information campaigns of the type often proposed to deal with clientelism will be effective. They likely will not be noticed.

From the perspective of politicians, incentives to perturb the equilibrium may in any case be absent. Politicians have incentives to pay attention to the most politically active people—in this case, evaders and clients, who in addition, being more reciprocal, are probably more reliable political interlocutors.

On the positive side, our results do suggest that the individual behaviour underpinning the macro phenomenon of state weakness and patrimonialism/clientelism might actually, at least in Colombia, be concentrated in a subset of the population and is perhaps less widespread than could have been imagined.

Our paper is related to extensive literatures in political science, sociology and history, and a more recent one in economics. A long tradition dating back to Weber (1920) contrasts a state that is organized 'patrimonially' to one organized according to 'rational-legal' principles. In the former, the state is organized 'not on the official's commitment to an impersonal purpose and not on obedience to abstract norms, but on a strictly personal loyalty' (Weber 1920, p. 1006), and power is wielded with 'discretion and, above all, unencumbered by rules' (p. 1006) and allows the use of 'rents or emoluments in exchange for the rendering of certain services' (p. 595). Officials of patrimonial states therefore use public resources in their own interests. Weber does not speak of patrimonial states as weak, but he regards them as highly ineffectual, and argues that they tended to be naturally replaced by rational-legal states, characterized by rules and bureaucracy because:

> The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization. The fully developed bureaucratic apparatus compares with other organizations exactly as does the machine with the non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity ... reduction of friction and of material and personal costs—these are raised to the optimum point in the strictly bureaucratic administration. (Weber 1920, p. 973)

Since Weber wrote, political scientists have tended to emphasize the stability of patrimonial states (sometimes called 'neo-patrimonial'—see Bratton and Van de Walle 1997) because dispensing patronage is good politics. Following Bates (1981), they have also tended to associate patrimonialism with a generic underprovision of public goods since these cannot be targeted at supporters and withheld from opponents (an idea formalized by Lizzeri and Persico 2001). In its most recent incarnation, this literature has focused on democratic politics and studied how the exchange of 'rents or emoluments in exchange for the rendering of certain services', as Weber put it, operates in electoral environments (for surveys, see Kitschelt 2000; Kitschelt and Wilkinson 2007; Stokes 2007; Hicken 2011). Here the word most used is clientelism, which can take many forms, including vote buying, or the distribution of jobs and contracts. This literature has focused on issues of the enforceability and credibility of such relations (Stokes 2005; Keefer and

Vlaicu 2008; Finan and Schechter 2012; Robinson and Verdier 2013; Lawson and Greene 2014), why they take the form they do (Szwarcberg 2015; Nichter 2018), who is targeted and the industrial organization of clientelism (Baland and Robinson 2008; Stokes *et al.* 2013; Gans-Morse *et al.* 2014; Larreguy *et al.* 2016), how much they get (Corstange 2016), what are the spillover effects into other areas of public policy (Diaz-Cayeros *et al.* 2016; Corstange 2016), and how and why clientelism disappears (Weitz-Shapiro 2014).

Though there are now quite a few empirical papers using various survey instruments and even list experiments to look at these different aspects of clientelism, to our knowledge ours is the first paper that makes the micro empirical link to state weakness. Possibly, this is because scholars have regarded state weakness as a more aggregate property. Our paper therefore innovates in mapping this weakness onto individual behaviour. Ultimately, the effectiveness of the fiscal system in, say, Besley and Persson (2009) relies on people deciding to pay taxes. The implicit model that the authors have in mind is one where payment is induced either by the threat of punishment or by 'tax morale', so that people voluntarily pay taxes to a state that they regard as legitimate (for a model, see Besley and Persson 2019). In either case, it is likely theoretically that there is a link between clientelism and tax evasion at the individual level. If one believes that enforcement is the issue, then one favour that a patron can dispense is impunity from the law. If the issue is tax morale, then the personalized and contractual nature of clientelism likely implies that citizens do not conceive of themselves as paying taxes to a legitimate state to provide socially desirable public goods. Instead, they see themselves as giving political support to a person in exchange for 'rents or emoluments'. Political support, not taxes, is their part of the bargain.

Our evidence that clientelistic politics is correlated with actions that make states weak at the micro level complements existing formal work by economists on this topic. A variety of mechanisms have been suggested that can explain state weakness. Besley and Persson (2009) emphasize that incumbents will not build a state if they worry that it will be used to tax them if they lose power. Acemoglu *et al.* (2013) and Fergusson *et al.* (2016) argue that incumbents keep the state weak because non-state armed actors either are an effective way of influencing election results or create other forms of incumbency advantage. Acemoglu *et al.* (2020) instead argue that state weakness can be explained by state elites not wanting to risk politically mobilizing society. None of these papers directly models the micro connection between clientelism and state weakness. Besley (2020) does model the idea that if the state does not provide public goods people may refuse to pay taxes, but he does not close the circle and connect this to any form of clientelism.[2]

Our paper also innovates relative to the literature by placing clientelism and state weakness in a much broader empirical setting. Though Finan and Schechter (2012) collect micro-level data on how reciprocal individual clients are, there has been little work investigating at a micro level what other behavioural patterns are associated with clientelism. Some findings mirror our own. Stokes *et al.* (2013), Khemani (2015) and Diaz-Cayeros *et al.* (2016) find empirical connections between clientelism and low levels of public good provision. Fergusson *et al.* (2015) argue theoretically that clientelistic parties, especially when confronted with political competition, have incentives to weaken state capacity to deliver public goods to retain their electoral comparative advantage. Empirical evidence from Mexico concurs with the model's prediction. The inverse relationship between clientelism and public good provision is also evident in Bobonis *et al.* (2017). Stokes *et al.* (2013) also associate clientelism with party identity, showing that it is 'core' voters who are clients, something that we also find in Colombia. Wang (2020) similarly finds that clientelism is associated with a lack of support for democracy.

Closest to our paper, Sy-Sahande (2017) conducts a survey experiment in Benin and shows that people who thought that their patron would not win power were less in favour of taxes.

In addition to our evidence from Colombia, we use data for a set of African countries available from the Afrobarometer. We show that clientelistic vote buying (in Africa) is more prevalent in places where tax evasion is also more common or thought to be more acceptable, and that this correlation is not likely to be explained by omitted factors.

In Section I, we describe in detail the data that we use. Section II then examines the micro correlation between clientelism and tax evasion in Colombia. Section III delves into the correlates of this behaviour and uses them to describe the trap in more detail. Section IV turns to the African evidence, and Section V concludes.

I. DATA: KEY CONCEPTS AND MEASUREMENT

As noted in the Introduction, to measure state strength, we rely on tax evasion. There is a long tradition relating state capacity to the development of an effective tax capacity (for a discussion, see Besley and Persson 2009). Indeed, the incidence of tax evasion is a good indicator of the state's enforcement ability and its capacity to mobilize resources.

We define a clientelistic exchange as the delivery of any type of particularistic benefit to voters contingent on their support. In this definition, we emphasize that we talk of *particularistic* benefits, delivered to a voter, and that there is a *quid pro quo* nature to the transfer—it is given in exchange for political support. In this sense, this definition excludes the allocation of public funds to certain municipalities or geographical areas in hopes of obtaining electoral support (Stokes 2007; Hicken 2011). While targeted in the expectation of increasing electoral success, these benefits are not contingent on the delivery of support in the same way as the clientelistic exchange is, as the politician cannot easily deprive a single citizen of a given area of these transfers if she declines her support. Notice also that in principle, 'support' may be broader than voting (activities, campaigning). However, we focus on clientelistic vote buying as it is not only an essential form of support, but also more concrete and more likely to be interpreted equally by all respondents.

We use two main datasets.[3] Our most detailed data come from Colombia, drawn from the Politics Module of the *Encuesta Longitudinal Colombiana de la Universidad de los Andes* (Bernal *et al*. 2014), or ELCA.[4] The ELCA is the first large-scale household panel survey in Colombia, with roughly 10,000 households, representative of urban Colombia and five rural macro-regions. The baseline was taken in 2010. In 2013, the first follow-up included a Politics Module applied to one member of the household (the household head or its partner, randomly assigned when both were available).

The survey includes questions on political participation and interest, sources of information, and ideological positions, and crucially, two questions that we specifically designed to study vote buying and tax evasion. The latter were designed to cope with a critical obstacle for empirical research in this area: eliciting honest answers in surveys about these sensitive issues. Indeed, respondents may avoid giving truthful answers when asked, and the nature of the behaviour implies that there are few other records. To cope with these difficulties, several techniques have been developed. Among these, list experiments of the kind used in the ELCA have received considerable attention and have been used in a variety of applications.[5]

To implement our list experiments, households were randomly assigned to three groups: *treatment* (list including a sensitive item), *control 1* (list without the sensitive item, followed by direct question), and *control 2* (only direct question).[6]

Our question for vote buying is similar to existing designs in the literature to evaluate this issue. In the treatment group, households are told: 'I will read a list of five (5) things people have in mind when deciding who to vote for. I want you to tell me how many of these five things you have taken into account when voting for a candidate. Do not tell me WHICH, ONLY HOW MANY.' Then respondents are handed a card with the following options:

1. The information about the candidate on the radio or television
2. What you read about his government plan
3. **The benefits, gifts, or jobs the candidate offered you in exchange for your vote**
4. The conversations you had with your friends about the candidate
5. The candidate's party

In the first control group, respondents confront a similar prompt and list, except that the sensitive behaviour (item 3, marked in bold above) is not on the list. The question asked directly to *control 1* and *control 2* reads: 'Could you tell me if when deciding whom to vote for, you have taken into account the benefits, gifts or jobs that a candidate offered in exchange for your vote?'

Turning to tax evasion, we focus on value-added tax (VAT) for several reasons. First, it is the most important indirect tax in Colombia (representing 28.69% of all government revenues in 2015) and the most familiar one for most respondents. Corporate taxes are limited to formal entrepreneurs, while direct taxation is relatively marginal and relevant only for the relatively wealthy (Comisión de expertos para la equidad y la competitividad tributaria, 2015). This is true not only in Colombia but, in fact, is a common feature in many developing countries (Keen and Lockwood 2010; De Jantscher 1986; Besley and Persson 2014). Second, VAT evasion is an important concern in Colombia and other developing countries (Avila and Cruz 2012; Corbacho *et al.* 2013; Gómez-Sabaini and Jiménez 2011). Third, while in theory VAT promotes enforcement, incentivizing a third-party-reported paper trail on transactions between firms, this is not the case for sales to final consumers. This enforcement 'Achilles' heel' (Slemrod 2007) arises because, unlike firms in the chain, final consumers do not need a receipt to deduct input costs from their VAT bill.[7] Finally, consistent with this, even though firms are responsible for VAT to tax authorities, final consumers play an active role in contributing to evasion. Specifically, since VAT is explicit in the final sales receipt, consumers and firms collude by not producing a receipt: the consumer gets a cheaper product, and the firm remains under the radar of tax authorities.[8]

Campaigns from the tax authorities have long urged consumers to demand a receipt and avoid being complicit with VAT evasion, often emphasizing people's civic duty and 'tax morale' logic.[9] In short, our tax evasion question enquires about a practice that is familiar enough to respondents that they can realistically reflect on whether they are willing to engage in it to save on their purchases, and is particularly well-suited to capture the notion of state capacity that we emphasize.

The question design for tax evasion is similar to the vote buying list experiment. In the treatment group, households are told: 'I will read a list of five (5) actions that people follow to save money when shopping. I want you to tell me how many of these five things you do regularly. Do not tell me WHICH, ONLY HOW MANY.' Then respondents are handed a card with the following options:

1. You choose the cheapest brand even if it is lower quality.
2. You wait for sales in the best brands.

3. You buy in cheaper outlets even if they are far from your home.
4. **You agree to buy without a receipt to avoid paying the VAT.**
5. You buy in bulk.

In the first control group, the sensitive item (item 4, marked in bold above) is not on the list. The direct question, in this case, is: 'Could you tell me if you normally agree to buy without a receipt, to avoid the VAT.'

The central premise of the experiments is that when asking the sensitive item indirectly with a list that protects their privacy in answers to individual items, individuals are willing to answer truthfully even if social norms suggest that there is a 'correct' answer. Comparing the frequencies with which individuals in the control and treatment groups report adopting the actions listed when voting (or saving on expenditures), the researcher can estimate the proportion of individuals using vote buying (or VAT avoidance) as one of the strategies. Indeed, in this case, the difference in means between treatment and control groups is an unbiased estimator of the incidence of the sensitive item.

Let

$$Y_i(0) = \sum_{j=1}^{J} Z_{ij}(0) \quad \text{and} \quad Y_i(1) = \sum_{j=1}^{J+1} Z_{ij}(1)$$

be the potential answer that individual i would give under control or treatment, respectively.[10] Formally, the difference in means estimator (where N_1 and N_0 are the sizes of treatment and control groups, and T_i indicates the treatment status) is

$$(1) \qquad \widehat{\tau} = \frac{1}{N_1} \sum_{i=1}^{N} T_i Y_i - \frac{1}{N_0} \sum_{i=1}^{N} (1 - T_i) Y_i.$$

Several assumptions underlie the validity of the list experiments to capture the behaviour of interest faithfully. The first central assumption is that of no *design effects*, stating that the addition of a sensitive item does not affect the response on the sum of control items. Notice that this does not require individuals to answer truthfully to control items, only that the answer does not change when confronted with the treated and control prompts. The second assumption, the *no liar* condition, states that respondents answer the sensitive item truthfully. Fergusson *et al.* (2018, 2019) test the validity of the underlying assumptions and find support for them. Finally, multivariate analysis methods have been developed to study the determinants of sensitive items asked via a list experiment (see Blair and Imai 2012).

Apart from estimating incidence and its correlates, investigating the extent of the social desirability bias (and its potential correlates) is also possible when the experimental design also involves the direct question of the sensitive item, as it did in the ELCA. In this design, only individuals who are *not* facing the treatment list (as having observed the sensitive item in the list may predispose them) are asked directly about the sensitive behaviour. Comparing the incidence using equation (1) with the direct answer gives a measure of the average social desirability bias in the population, indicating the extent to which individuals want to conceal their behaviour when asked directly. This measures the extent to which citizens internalize social rules of conduct and whether or not they believe that clientelism and tax evasion are unethical.

In addition to the Colombian data, we use the fifth round of the Afrobarometer survey. We code clientelistic vote buying as a simple dummy variable that equals 1 if the respondent answers 'Once or twice', 'A few times' or 'Often' to the question: 'And during the last national election in [20xx], how often, if ever did a candidate or someone from a political party offer you something, like food or a gift or money, in return for your vote?' To measure state capacity, we use the question: 'Here is a list of actions that people sometimes take as citizens. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance?' We code tax evasion as a dummy variable that equals 1 if the respondent answers: 'No, but would do if had the chance', 'Yes, once or twice', 'Yes, several times' or 'Yes, often'. This gives us measures of clientelism and evasion of taxes and fees for 28 out of the 34 countries in the Afrobarometer.[11]

II. THE LINK BETWEEN CLIENTELISM AND TAX EVASION

We now use the data described in the previous section to examine the prevalence of clientelism and tax evasion, and more importantly their correlation. We emphasize that we document a *correlation*; the very argument that we are making implies that both directions of causality, from tax evasion to clientelism and vice versa, can be at play. Moreover, both tax evasion and clientelism may be caused by something else. We do, however, include a rich set of fixed effects and predetermined household and individual controls to make sure that the correlation that we uncover is not an obvious spurious reflection of otherwise omitted characteristics.[12] Of course, even in our most demanding specifications, unobservables that we cannot account for may contaminate our estimates. We will show below that the combination of very detailed micro-level data and the stability of the key coefficients suggest that it is unlikely that they are merely an artefact of unobservable selection.

To do this more systematically, we also follow the literature on bias from unobservable selection.[13] For each regression, we report the following set of indicators: the original (uncorrected) *Altonji* value, Oster's modified δ ratio, and Oster's β lower bound for the effect of interest. Roughly, the ratios tell us the degree of selection on unobservables relative to observables sufficient to explain away the estimated relationship between the variables of interest. They thus suggest that the correlation is not likely reflecting unobservables when they are either larger than 1 (suggesting that unobservables must be proportionally more important than observables) or negative (reflecting that controlling for observables tends to strengthen the correlation and unobservables should be selected in a different direction than observables to eliminate the effect).

We now use the Colombian data to show that both tax evasion and clientelism are highly prevalent, with substantial variation across regions and households. We also argue that they are highly accepted practices exhibiting no apparent social desirability bias in survey responses. We document a positive correlation between the prevalence of both phenomena, and confirm that it is unlikely that omitted factors explain this correlation. Taken together, these results suggest that within Colombia, clientelism and tax evasion are part of a hard-to-change political equilibrium.

Panel A in Table 1 shows descriptive statistics for the main variables in the Colombian data used in the analysis. Figure 1 shows the municipal-level prevalence of clientelism (vertical axis) and VAT evasion (horizontal axis) as measured in our survey. By mere visual inspection, places with a higher share of reported clientelism also tend to

TABLE 1
SUMMARY STATISTICS

	Obs.	Mean	Median	SD	Min	Max
Panel A: Colombia (167 municipalities)						
Clientelism	5095	0.18	0.00	0.39	0.00	1.00
Tax evasion	5398	0.19	0.00	0.39	0.00	1.00
Agree with bribery	8428	0.14	0.00	0.34	0.00	1.00
Aqueduct	8428	0.82	1.00	0.39	0.00	1.00
Breaking the law	8428	0.34	0.00	0.47	0.00	1.00
Electricity	8428	0.99	1.00	0.12	0.00	1.00
Gas system for cooking	8428	0.41	0.00	0.49	0.00	1.00
Ideology	8429	0.38	0.00	0.48	0.00	1.00
Information sources	8429	1.75	2.00	1.22	0.00	7.00
Justice into own hands	8428	0.29	0.00	0.46	0.00	1.00
Landline	8428	0.25	0.00	0.43	0.00	1.00
Negative reciprocity	8429	0.19	0.00	0.39	0.00	1.00
Party identity	8429	0.45	0.00	0.50	0.00	1.00
Persuasion	8429	0.16	0.00	0.36	0.00	1.00
Popular vote	8429	0.39	0.00	0.49	0.00	1.00
Positive reciprocity	8429	0.97	1.00	0.16	0.00	1.00
Protest against armed groups	8354	0.33	0.00	0.54	0.00	1.79
Protest against local authorities	8354	0.17	0.00	0.39	0.00	1.39
Protest against national authorities	8354	1.14	1.10	0.95	0.00	3.18
Reach a congressman	8429	0.08	0.00	0.27	0.00	1.00
Reach a mayor/councillor	8429	0.23	0.00	0.42	0.00	1.00
Sewage	8428	0.50	0.00	0.50	0.00	1.00
Trash collection	8428	0.54	1.00	0.50	0.00	1.00
Agricultural suitability	8186	0.73	0.74	0.16	0.27	1.00
Distance to main city	8354	1.61	1.28	1.33	0.00	5.93
Distance to port city	8354	2.21	1.95	1.13	0.00	4.63
Distance to the coast	8354	1.74	1.59	1.10	0.00	4.12
Elevation	8354	1.33	1.36	1.02	−0.40	3.17
Rainfall	8354	0.05	0.02	0.10	0.00	1.00
Ruggedness	8354	120.92	77.28	127.61	0.00	744.60
Temperature	8354	215.34	235.00	57.38	52.00	288.00
Panel B: Africa (28 countries)						
Clientelism	41,913	0.16	0.00	0.37	0.00	1.00
Evasion	41,913	0.27	0.00	0.44	0.00	1.00

Notes
Sources are ELCA 2013 (panel A) and fifth round of Afrobarometer (panel B). See Table A-1 of the Online
Appendix for definitions of each of the variables.

be the areas of the country with more tax evasion. Also, while both phenomena are
widespread, there is important regional variation, with municipality-level incidence
ranging from 0% to 50%.[14] The incidence of both phenomena is slightly larger in rural
areas. Clientelism reaches 21.9% in rural areas and 14.8% in urban areas, for an overall
average of 18.4%. The corresponding numbers for tax evasion are close: 17%, 21.6%
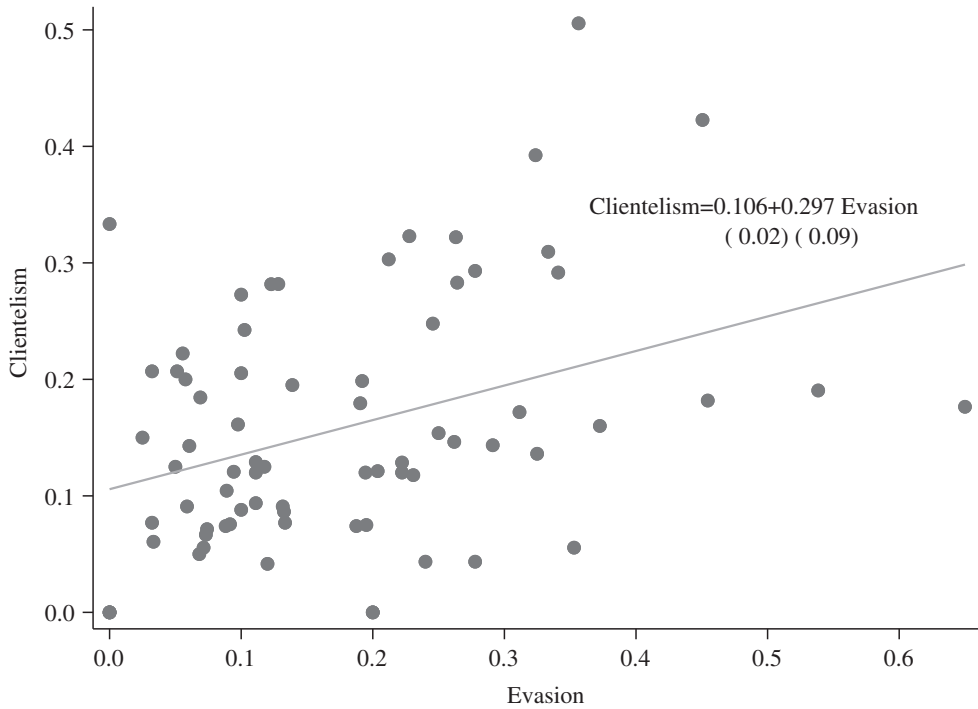and 19.2%, respectively.

FIGURE 1. Municipality-level correlation between clientelism and tax evasion—Colombia 2013. *Notes*: Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?'

(No) social desirability bias

These estimates rely on direct questions about clientelism and tax evasion, potentially plagued with social desirability bias in respondent answers. However, Figure 2 shows that there is no significant difference between the answers to these direct questions and the list-based estimates. This is the case for both clientelism (upper panel) and tax evasion (lower panel), and for each area (rural or urban) considered independently. The two estimates are very close to each other, and their difference is small and not statistically significant. We can interpret this difference as an estimate of the extent of social desirability bias (SDB), since it compares the extent to which respondents admit to each behaviour when asked directly versus when their answers are private with the list.

   This result is important and underscores how widely accepted clientelism and tax evasion are as part of the normal state of things, consistent with our view that the

FIGURE 2. Clientelism and tax evasion estimates—Colombia 2013. *Notes*: Incidence of clientelism (upper panel) or tax evasion (lower panel) as implied by the list experiment (diamond), direct question (square), and the difference between these two measures, capturing the extent of social desirability bias (SDB, triangle). Lines mark 95% confidence bounds. Estimates in this figure control for age, gender, education level, wealth, colour of skin, and dummy variables for employed, voted in the last elections, had political leanings, believes voting is secret, is catholic, and faced an adverse shock.

Clientelism
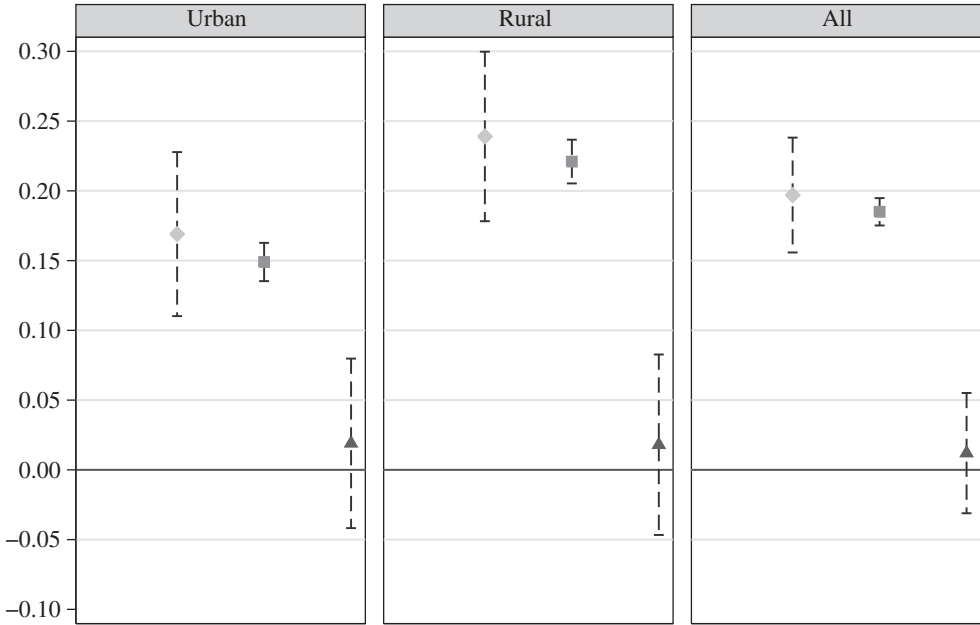
Tax evasion
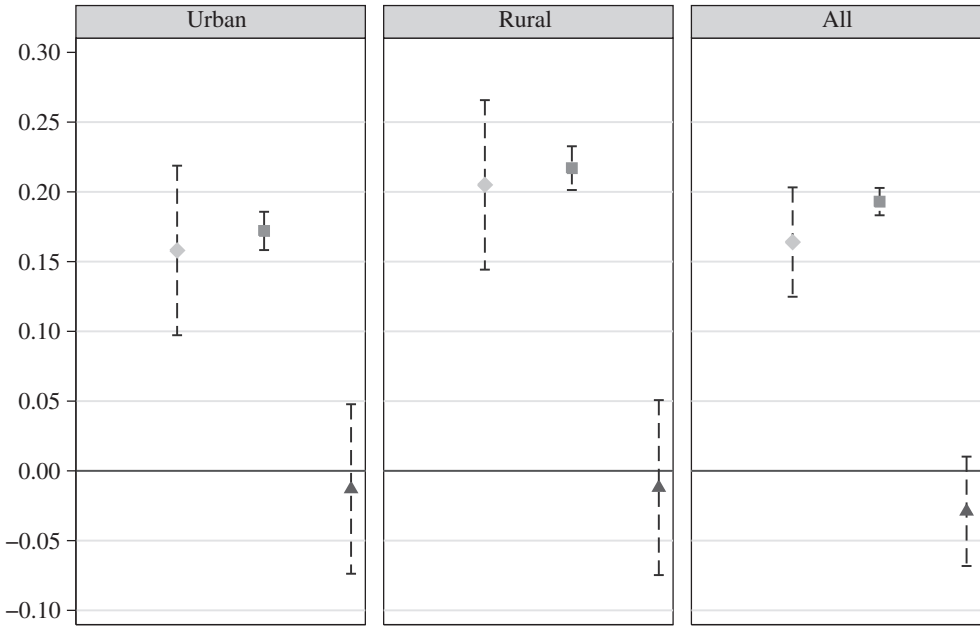
practices are deeply embedded in society in an entrenched equilibrium. Put simply, clientelism and tax evasion are not only prevalent in Colombia. They also appear not to be inhibited by any social norms of conscientious voting and 'tax morale' (Luttmer and Singhal 2014). Hence respondents in our survey are not ashamed of evading taxes or selling their vote, and are equally likely to admit to this behaviour regardless of privacy in their responses.[15]

While this is the most straightforward interpretation of the result, other mechanisms aside from the absence of social desirability bias may lead the list and the direct responses to look similar. Specifically, list experiments work best when the social desirability effect works in a single direction. Thus far, we have implicitly assumed that vote buying and evasion carry, if any, a negative stigma. It is possible, for instance, that some respondents want to overreport that they sell their votes when asked directly to signal that they do not believe in democracy, or that they evade taxes to convey an impression of rebelliousness or resistance to the state that they are proud of. This may create offsetting effects that complicate the interpretation by inflating direct responses.[16] Nevertheless, it seems hard to believe, given that the treatment and control groups were chosen randomly, that these mechanisms are sufficiently prevalent and distributed in such a way as to produce our null result.[17]

An additional question is whether this is a feature of the Colombian population or occurs merely in our sample. On the one hand, the ELCA is representative of urban Colombia and five major rural macro-regions, which gives ample external validity to the exercise. On the other hand, the Politics Module is administered as the final part of a very comprehensive questionnaire, and for a set of households participating in a long-term panel study. Thus one potential concern is that these activities do carry a stigma, but respondents and survey officers are familiar with each other, so the former are willing to admit to the sensitive actions. While we do not know of a comparable survey for tax evasion, this possibility seems unlikely for clientelism because other, much shorter and cross-sectional surveys in Colombia produce similar results.[18]

In short, while alternative interpretations are not easy to entirely rule out, the weight of the evidence favours the view that similar response rates for the list experiment and direct question reflect the absence of stigma, leading respondents to willingly admit to tax evasion and vote buying.

Another reality check for our clientelism measure comes from a comparison with preferential voting for individual members of party lists in (open) lists to congress. As famously shown in Putnam *et al.* (1994), preferential voting is a good indicator of a highly personalistic and clientelistic pattern of political exchange in democracies. In Figure 3 we follow the logic of Putnam *et al.* (1994) and show the municipal-level proportion of preferential voting in the Congressional elections in 2014 on the vertical axis, plotted against our measure of clientelistic vote buying on the horizontal axis. There is an evident positive correlation, again suggesting that our variable is indeed capturing the prevalence of clientelistic exchanges.

Figure 4 presents evidence that provides a similar reality check on our measure of tax evasion. While VAT is a national tax, municipalities collect various types of taxes, particularly on properties and businesses. If our measure really captures the propensity of people to avoid taxes, then this is likely correlated with tax evasion more broadly. For example, a business must be colluding with the individual to evade VAT. Figure 4 shows that indeed, the incidence of tax evasion in our survey is negatively correlated with the collection of various types of taxes at the municipality level.
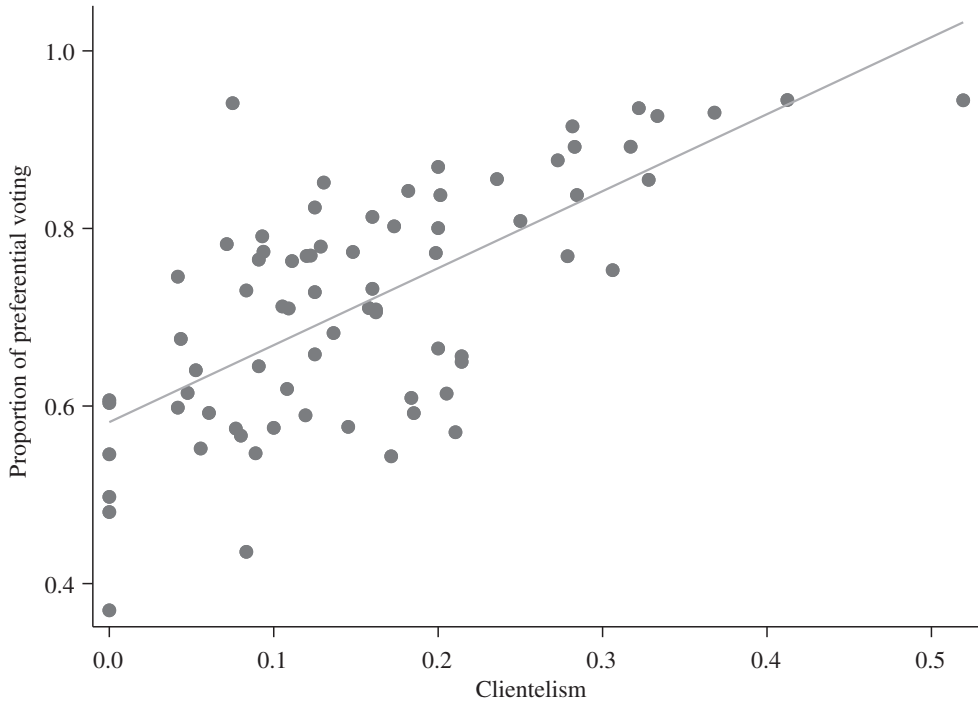
FIGURE 3. Municipality-level correlation between preferential voting and clientelism in Colombia. *Notes*: Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Preferential voting share for Congressional votes in 2014.

The weak state trap

Within Colombia, we find a significant and very robust correlation between our measures of tax evasion and clientelism.[19] Table 2 reports the results of estimating an ordinary least squares (OLS) regression of clientelism on tax evasion, and adds several additional controls. Column (1) shows the bivariate relation, and column (2) presents results for the same model restricted to the set of observations for which we have information on the additional covariates. The remaining columns add sets of controls. In columns (3)–(5), we focus on plausibly exogenous variables that do not respond to either clientelism and tax evasion, to avoid a 'bad control' problem (Angrist and Pischke 2008). In column (3), we include municipality fixed effects. In column (4), the set of individual controls includes age, age squared, gender, race and ethnicity. In column (5), we include in addition geographic controls (agricultural suitability, elevation, rainfall, ruggedness, temperature, and distance from each household's location to the coast, the closest main city, and the nearest main port city). Finally, in column (6) we focus on a broad range of measures capturing individuals' socioeconomic status. These include a wealth index based on a *principal component analysis* on a set of reported household assets and dwelling characteristics, total household expenses, an indicator identifying urban or rural places, education (primary or less, secondary or college), and employment status (dummies identifying whether the respondent is employed, unemployed or out of the labour force). This last specification, while more likely to include 'bad controls', allows us to reject the
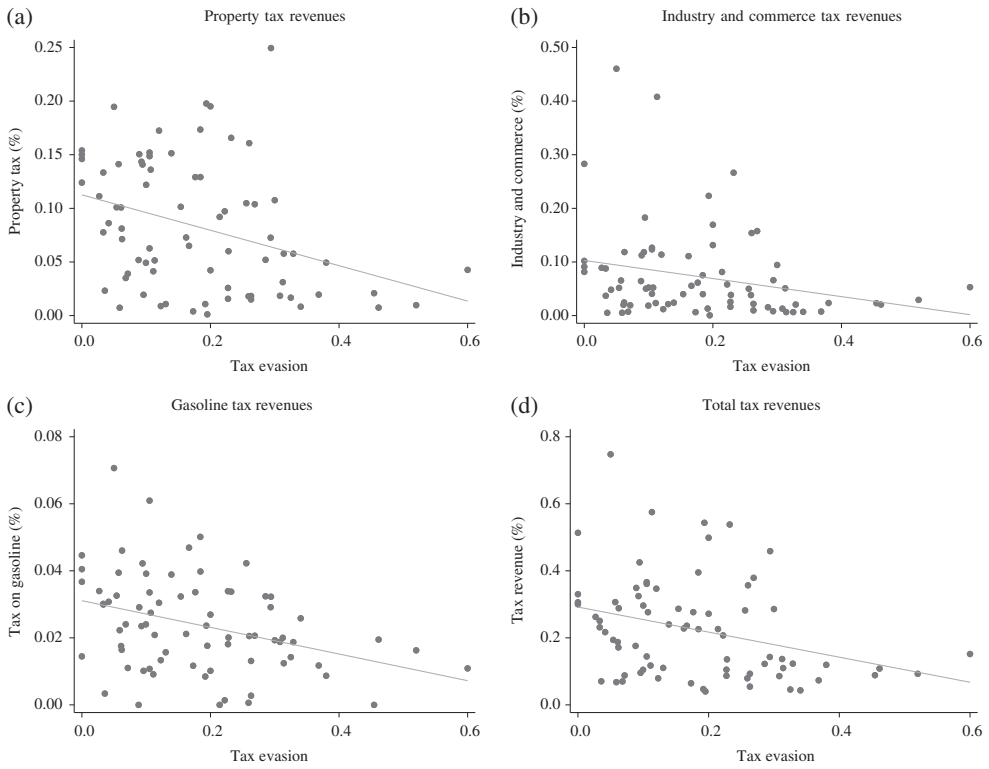
FIGURE 4. Municipality-collected taxes as proportion of total revenues. *Notes*: The figure presents scatterplots of the relationship between our measure of tax evasion and different municipality-collected taxes as share of total revenue. Total revenue is the sum of municipality-collected and non-municipality-collected revenue (i.e. transfers from the central government). Panels A, B and C plot the main three municipality-collected taxes: property tax, industry and commerce tax, and gasoline tax, respectively. Panel D depicts the total municipality-collected taxes.

hypothesis that the correlation that we document is driven by an upward bias due to omitted variables associated to the economic condition of the respondent (e.g. in order to subsist, low-income individuals could have more incentives to lean towards illegal practices such as tax evasion or clientelism).

One clear message stands out: the significant relationship between the two phenomena does not disappear despite the changes in these sets of controls. While the magnitude of the correlation changes somewhat, the coefficient in the most conservative specification in column (5) of Table 2 with the exogenous covariates indicates that clientelism for tax evaders is larger by 8.4 percentage points, or 46.7% of the average and 21.5% of a standard deviation. A one-standard-deviation increase in tax evasion (0.4) is associated with an increase in clientelism of 18.8%, as large as the mean incidence and 8.8% of a standard deviation.[20]

Column (6) of Table 2 requires some comment since it is of independent interest. Interestingly, and contrary to the conventional wisdom, controlling for measures of wealth, income or socioeconomic status does not change our main result, confirming that the correlation that we emphasize is not a consequence of poverty.

Furthermore, Figure 5 plots the correlation between our two main measures broken down (conditional to the controls in column (5) of Table 2) across different subsets of

TABLE 2
CLIENTELISM AND TAX EVASION IN COLOMBIA

	(1)	(2)	(3)	(4)	(5)	(6)
			Dependent variable: Clientelism			
Tax evasion	0.1185***	0.1167***	0.0827***	0.0832***	0.0834***	0.0807***
	(0.0165)	(0.0167)	(0.0170)	(0.0170)	(0.0170)	(0.0170)
R-squared	0.016	0.015	0.119	0.130	0.132	0.136
Altonji			2.439	2.485	2.506	2.239
Delta Oster			3.005	3.941	4.210	4.300
Beta Oster			0.0605	0.0671	0.0685	0.0665
Municipality fixed effects	No	No	Yes	Yes	Yes	Yes
Individual controls	No	No	No	Yes	Yes	Yes
Geographic controls	No	No	No	No	Yes	Yes
Other individual controls	No	No	No	No	No	Yes
Observations	3259	3171	3171	3171	3171	3171

Notes
The dependent variable, clientelism, is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). *Other individual controls* include wealth, household expenses, an indicator identifying urban or rural places, education (primary or less, secondary or college), and employment situation (dummies identifying whether the respondent is employed, unemployed or out of the labour force). Standard errors (in parentheses) clustered at the community level.
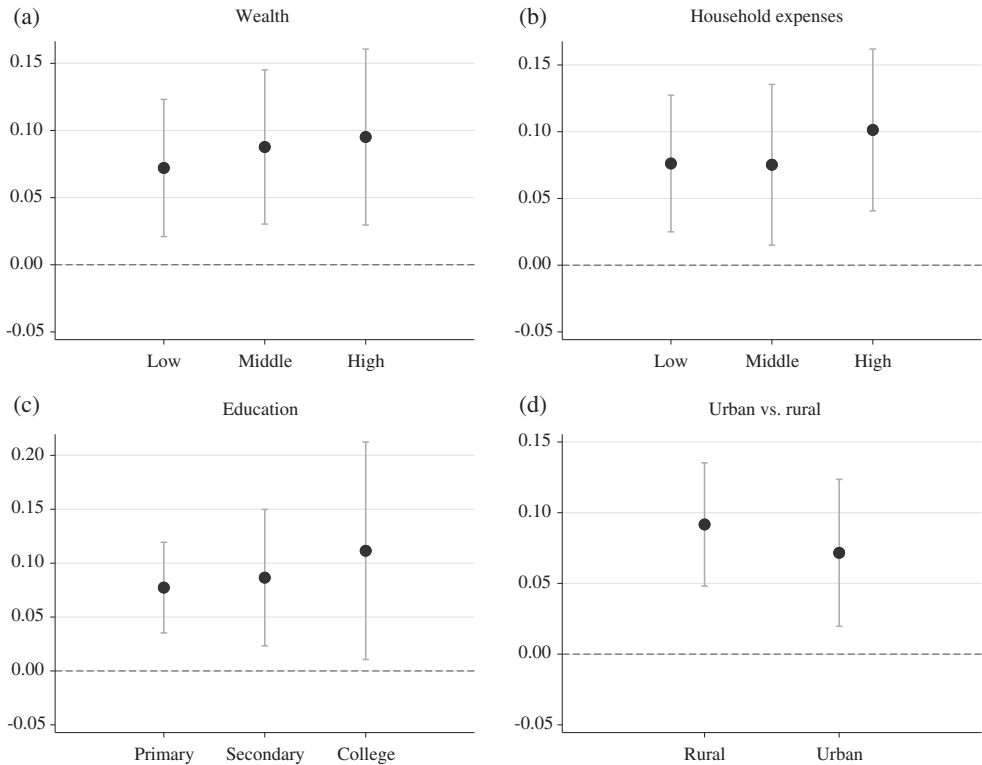*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

FIGURE 5. Clientelism and tax evasion across different groups. *Notes*: Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' All regressions include the controls included in column (3) of Table 2.

individuals: by terciles of the wealth distribution (panel A), by terciles of household expenses (panel B), by education level (panel C), and by urban vs. rural areas (panel D). The figure not only confirms that the relationship between clientelism and tax evasion is robust for each subgroup, but also shows that the magnitude of the correlation is very stable across very heterogeneous individuals. This bolsters the idea that the correlation that we emphasize is not driven by a subset of individuals with very specific characteristics, instead showing that the practice of simultaneously evading taxes and engaging in clientelistic practices is widespread across citizens with very diverse backgrounds. In the next section, we show evidence reinforcing this argument by documenting distinct feedback loops through which such practices reinforce each other and can affect citizens with different socioeconomic characteristics.

III. THE NATURE OF THE TRAP: CLIENTELISM AND WEAK STATES IN EQUILIBRIUM

In this section, we establish some basic patterns in our data, which we organize into a set of theoretically distinct mechanisms that help to explain why the trap is so hard to break. To do so, we run OLS regressions for both clientelism and tax evasion as a function of key variables that should be relevant if the corresponding mechanism is at play. We

report simple bivariate correlations as well as multivariate regressions controlling for (plausibly exogenous and 'bad') controls.

Public versus particularistic goods

A first basic fact to document is a negative correlation between the incidence of clientelism and tax evasion and public good provision. There are some direct connections here. For example, lower tax revenues imply fewer resources for public provision. But there are also more subtle mechanisms. As Bates (1981) notes, public goods cannot be targeted, so they are strategically undersupplied where clientelism is more intense (though see Bardhan and Mookherjee 2013). Likewise, they will be underdemanded since clients want private goods. Other mechanisms include the idea that the underprovision of public goods makes clientelism cheaper for politicians (Robinson and Verdier 2013; Fergusson *et al.* 2015).

The broad negative correlation between clientelism and tax evasion and the delivery of public goods and services is apparent in our Colombian data, as shown in Table 3. This table and those that follow have a similar structure. Column (1) has a simple regression for clientelism with no additional controls, column (2) restricts the sample to those observations for which we have the demographic and geographic controls, and column (3) includes these controls.[21] Columns (4)–(6) are the corresponding specification for tax evasion as a dependent variable. The key independent variables in each panel are indicator variables for whether the household has access to the following public services: aqueduct, electricity, gas system for cooking, landline, sewage and trash collection.

For all specifications, the simple bivariate correlation between public service delivery and either clientelism or tax evasion is, as expected, negative. The result is also robust to including basic predetermined household and geographic controls in the case of electricity, landline and, in the case of clientelism, sewage.[22]

Personal over institutional links: displacing formal relationships with the state

With prevalent clientelism, citizens' relationships with the state are via personal interaction with politicians or their brokers. These informal relationships may displace potential formal relationships with the state to demand rights and services. In an extreme case, the state does not exist as an apparatus to be controlled by citizens, therefore becoming less effective. As a result, voters become more dependent on informal relationships for benefits, producing a vicious cycle of more clientelism, less state capacity, more clientelism, and so on.

One crucial implication of relying on personal links is that interpersonal reciprocity becomes a valuable trait. This is obviously the case for vote buying: especially with a secret ballot, politicians would like to target reciprocal voters. Reciprocal voters would more likely vote for them in exchange for the direct benefits despite not being directly monitored, thus reducing the inherent commitment problem in clientelistic exchanges (Robinson and Verdier 2013). More generally, politicians and their brokers may more easily build a long-term relationship with reciprocal voters, enabling them to both better predict their voting decision and sustain a cooperative repeated interaction. Existing evidence supports the idea that more reciprocal people are more likely to be involved in clientelism (Finan and Schechter 2012; Lawson and Greene 2014). Moreover, there is very little evidence of individual-level monitoring and enforcement (Hicken and Nathan 2019), reinforcing the potential relevance of mechanisms such as reciprocity.

TABLE 3
CLIENTELISM AND TAX EVASION IN COLOMBIA: DELIVERY OF PUBLIC GOODS AND SERVICES

Dependent variable:	Clientelism			Tax evasion		
	(1)	(2)	(3)	(4)	(5)	(6)
Aqueduct	-0.0861***	-0.0865***	0.0038	-0.0694***	-0.0691***	0.0177
	(0.0137)	(0.0138)	(0.0170)	(0.0138)	(0.0139)	(0.0172)
R-squared	0.008	0.008	0.106	0.005	0.005	0.092
Altonji			-0.042			-0.204
Delta Oster			-0.086			-0.448
Beta Oster			0.0553			0.0656
Electricity	-0.1813***	-0.1878***	-0.0898*	-0.1564***	-0.1612***	-0.1018**
	(0.0469)	(0.0471)	(0.0468)	(0.0458)	(0.0461)	(0.0461)
R-squared	0.003	0.003	0.107	0.002	0.002	0.092
Altonji			0.916			1.712
Delta Oster			2.634			4.673
Beta Oster			-0.0571			-0.0820
Gas system for cooking	-0.0556***	-0.0589***	-0.0134	-0.0501***	-0.0499***	-0.0061
	(0.0110)	(0.0112)	(0.0217)	(0.0109)	(0.0111)	(0.0203)
R-squared	0.005	0.006	0.106	0.004	0.004	0.092
Altonji			0.293			0.139
Delta Oster			0.197			0.119
Beta Oster			0.2279			0.1351
Landline	-0.0924***	-0.0927***	-0.0306*	-0.0677***	-0.0667***	-0.0335*
	(0.0126)	(0.0128)	(0.0183)	(0.0124)	(0.0126)	(0.0177)
R-squared	0.010	0.010	0.107	0.005	0.005	0.092
Altonji			0.493			1.011
Delta Oster			0.584			1.023
Beta Oster			0.0329			-0.0011

TABLE 3
CONTINUED

Dependent variable:	Clientelism			Tax evasion		
	(1)	(2)	(3)	(4)	(5)	(6)
Sewage	−0.0895***	−0.0942***	−0.0865***	−0.0620***	−0.0606***	0.0163
	(0.0108)	(0.0109)	(0.0299)	(0.0107)	(0.0109)	(0.0273)
R-squared	0.013	0.015	0.108	0.006	0.006	0.092
Altonji			11.298			
Delta Oster			0.405			−0.212
Beta Oster			10.3966			−0.128
						0.6880
Trash collection	−0.0836***	−0.0872***	−0.0391	−0.0569***	−0.0589***	0.0316
	(0.0108)	(0.0109)	(0.0291)	(0.0107)	(0.0109)	(0.0282)
R-squared	0.012	0.013	0.107	0.005	0.006	0.092
Altonji			0.811			−0.349
Delta Oster			0.206			−0.230
Beta Oster			1.4661			0.6991
Municipality fixed effects	No	No	Yes	No	No	Yes
Individual controls	No	No	Yes	No	No	Yes
Geographic controls	No	No	Yes	No	No	Yes
Observations	5095	4949	4949	5398	5250	5250

Notes

Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Aqueduct*, *Electricity*, *Gas system for cooking*, *Landline*, *Sewage* and *Trash collection* are dummy variables that equal 1 if the dwelling has the respective service. *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). Standard errors (in parentheses) clustered at the community level. *, **, ***indicate significant at the 10%, 5%, 1% level, respectively.

Personalistic relationships sustained by feelings of reciprocity not only erode institutional pressure to strengthen the state, but they are also problematic because they make clientelism particularly persistent. Specifically, clientelism will not necessarily disappear with simple institutional innovations such as the secret ballot (e.g. Wantchekon 2003; Vicente 2014).

Our Colombian data include some variables that help to assess the relevance of these mechanisms, with questions on both positive and negative reciprocity. We measure positive reciprocity with a dummy variable that equals 1 if the respondent 'totally agrees' or 'agrees' with the statement 'You always have to help those who help you'. Negative reciprocity is an indicator variable that equals 1 if the respondent 'totally agrees' or 'agrees' with the the statement 'Whoever harms me pays for it (el que me la hace la paga)'.

Table 4 examines the correlation between clientelism (columns (1)–(4)) and tax evasion (columns (5)–(8)) with these measures of reciprocity (positive in the upper panel and negative in the lower panel). In general, clientelism and tax evasion are indeed more important for more reciprocal individuals. The sole exception is tax evasion and positive reciprocity, which appear to be unrelated. For every other specification, there is a positive and robust correlation that is not significantly affected by unobservable selection.

The lack of a correlation between tax evasion and positive reciprocity requires more study. If a patron delivers to his client, then the client reciprocates (positive reciprocity). While if the patron does not deliver a promise (a job, a contract), then the client retaliates (negative reciprocity). Why does this logic not apply completely for tax evasion? An obvious reason is that unlike in clientelism, the *quid* is not separated from the *pro quo*, so there is less need to sustain reputational equilibria. But this could imply that tax evasion would be uncorrelated with any type of reciprocity. An alternative interpretation of the lack of correlation with positive reciprocity is that the 'tax morale' channel—the state gives me something and I give taxes in return—does not seem to operate in our data. The Colombian 'social contract' does not seem to feature such a mechanism. But why this channel does not work, yet there is a correlation with negative reciprocity, needs further investigation.

Perhaps more directly relevant to the idea that individual exchanges might displace other more institutionalized relationships with the state, Table 5 explores whether clientelism and tax evasion correlate with personal appeals to politicians (congressmen, in the upper panel, and local mayors or local councillors, in the middle panel). In each case, we find a positive and robust correlation that again does not seem to be significantly affected by unobservable selection. This is consistent with the notion that prevalent clientelism exacerbates personal over institutional links, and that where this happens, the state is less able to raise taxes.

One interpretation of these findings is that these appeals to politicians may, in fact, reflect reaching out to public institutions or perhaps be accountability in action. But the final panel of Table 5 shows one result that is hard to reconcile with this alternative interpretation. If this were the case, then one would also expect a positive correlation with people's belief in democracy. Instead, this table reports a robust, statistically significant and *negative* correlation between the belief in democracy (specifically, the importance of having popularly elected leaders) and both clientelism and tax evasion.

Given that patrons disperse clientelism in the context of democratic voting, it might sound odd that clients do not evince support for democracy. Is this not why they get their rents? Possibly, clients see their relationship as not particularly tied to a specific set of political institutions and merely taking a different form in the absence of democracy.

TABLE 4
CLIENTELISM AND TAX EVASION IN COLOMBIA: THE ROLE OF RECIPROCITY

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Positive reciprocity	0.0916***	0.0929***	0.0681**	0.0684**	0.0220	0.0122	0.0066	−0.0013
	(0.0323)	(0.0330)	(0.0324)	(0.0325)	(0.0324)	(0.0333)	(0.0329)	(0.0330)
R-squared	0.002	0.002	0.107	0.111	0.000	0.000	0.092	0.095
Altonji			2.740	2.789			1.177	−0.094
Delta Oster			6.629	7.485			3.075	−0.302
Beta Oster			0.0589	0.0604			0.0045	−0.0055
Negative reciprocity	0.0792***	0.0774***	0.0650***	0.0642***	0.0820***	0.0814***	0.0666***	0.0620***
	(0.0138)	(0.0140)	(0.0138)	(0.0139)	(0.0136)	(0.0138)	(0.0137)	(0.0138)
R-squared	0.006	0.006	0.110	0.114	0.007	0.007	0.096	0.099
Altonji			5.245	4.872			4.478	3.181
Delta Oster			9.850	10.075			8.570	7.198
Beta Oster			0.0602	0.0597			0.0607	0.0552
Municipality fixed effects	No	No	Yes	Yes	No	No	Yes	Yes
Individual controls	No	No	Yes	Yes	No	No	Yes	Yes
Geographic controls	No	No	Yes	Yes	No	No	Yes	Yes
Other individual controls	No	No	No	Yes	No	No	No	Yes

Notes
Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Positive reciprocity* equals 1 if 'totally agree' or 'agree' with statement 'You always have to help those who help you'. *Negative reciprocity* equals 1 if 'totally agree' or 'agree' with statement 'Whoever harms me pays for it (*el que me la hace la paga*)'. *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). *Other individual controls* include wealth, household expenses, an indicator identifying urban or rural places, education (primary or less, secondary or college), and employment situation (dummies identifying whether the respondent is employed, unemployed or out of the labour force). Standard errors (in parentheses) clustered at the community level.
*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

TABLE 5
CLIENTELISM AND TAX EVASION IN COLOMBIA: PERSONALLY REACHING POLITICIANS

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Reach a congressman	0.1831***	0.1831***	0.1692***	0.1685***	0.0459**	0.0408**	0.0386**	0.0432**
	(0.0192)	(0.0195)	(0.0194)	(0.0194)	(0.0194)	(0.0195)	(0.0195)	(0.0196)
R-squared	0.018	0.018	0.120	0.124	0.001	0.001	0.092	0.096
Altonji			12.193	11.569			17.337	−18.260
Delta Oster			12.574	12.758			21.896	285.172
Beta Oster			0.1632	0.1629			0.0377	0.0439
Reach a mayor/councillor	0.1200***	0.1143***	0.1098***	0.1067***	0.0463***	0.0433***	0.0232*	0.0218
	(0.0126)	(0.0128)	(0.0130)	(0.0131)	(0.0127)	(0.0129)	(0.0133)	(0.0133)
R-squared	0.017	0.016	0.119	0.122	0.002	0.002	0.092	0.096
Altonji			24.184	13.935			1.158	1.015
Delta Oster			11.526	10.276			2.481	2.568
Beta Oster			0.1077	0.1035			0.0146	0.0140
Popular vote	−0.0206*	−0.0213*	−0.0208*	−0.0203*	−0.0518***	−0.0539***	−0.0473***	−0.0424***
	(0.0111)	(0.0112)	(0.0113)	(0.0113)	(0.0110)	(0.0111)	(0.0113)	(0.0113)
R-squared	0.001	0.001	0.107	0.111	0.004	0.004	0.095	0.098
Altonji			45.787	21.322			7.177	3.692
Delta Oster			23.826	20.429			10.412	7.316
Beta Oster			−0.0206	−0.0200			−0.0446	−0.0383

TABLE 5
CONTINUED

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Municipality fixed effects	No	No	Yes	Yes	No	No	Yes	Yes
Individual controls	No	No	Yes	Yes	No	No	Yes	Yes
Geographic controls	No	No	Yes	Yes	No	No	Yes	Yes
Other individual controls	No	No	No	Yes	No	No	No	Yes
Observations	5095	4949	4949	4949	5398	5250	5250	5250

Notes

Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Reach a politician (congressman or mayor/councillor)* equals 1 if answering 'yes' to: 'In order to solve some problems, have you ever requested help or cooperation from . . . a congressman or his collaborators (congressman) . . . any local authority such as mayor or councillor (mayor/councillor)?' *Popular vote* equals 1 if respondent 'totally agrees' with statement: 'It is important that rulers are elected by popular vote.' *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). *Other individual controls* include wealth, household expenses, an indicator identifying urban or rural places, education (primary or less, secondary or college), and employment situation (dummies identifying whether the respondent is employed, unemployed or out of the labour force). Standard errors (in parentheses) clustered at the community level.
*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

Alternatively, they are cynical about the rhetoric of democracy, given the fundamentally non-democratic nature of their interaction with the state. As Lawson and Greene (2014, p. 62) put it, 'curbing clientelism requires a normative component–specifically, that citizens must reject clientelist exchanges on principle because they feel a greater obligation to vote in accordance with their conscience, obey the law, and support democratic institutions'. That individuals more engaged in clientelistic relationships support democratic institutions less is consistent with this claim.[23] Finally, it could also be the case that they face greater competition from other potential clients under democracy. Hence they imagine that their rents would be even higher under non-democratic political institutions. A counter-argument would be that there would be greater competition among patrons under democracy, pushing in the opposite direction.

The displacement of institutional connections with the state is, in short, another potential threat to building a strong and democratically responsive state in the presence of clientelism.

Personal over collective links: fragmenting society

By personalizing links with politicians, the agents of the state, clientelism also contributes to society's fragmentation. Instead of having common goals and aims in their relationships with institutions, making them accountable and responsive, and seeking to defend their general rights, each individual voter seeks some specific benefit from politicians or their brokers. A fragmented society of this kind, in turn, may also be more easily captured with targeted transfers, and fragmentation weakens collective action and political control over the state. The strong state solves the fundamental dilemma of state power (that a state powerful enough to deliver goods is also powerful enough to inflict harm—see Levinson 2014) by making control and power complements; because the citizens control the state, they are willing to vest it with more power. Instead, with fragmented voters, we see the negative version of this feedback loop: citizens have less control over the state and therefore grant it less power.

In short, we have again a vicious circle whereby clientelism produces fragmentation, in turn reducing citizens' control of the state. When this occurs, in turn, citizens are unwilling to give the state apparatus more power as it does not respond to citizens' demands. Some related ideas in the context of Colombia appear in Archer (1990), Escobar (2002) and Robinson (2015). Archer (1990) argues, in particular, that the system of highly particularistic clientelistic networks in Colombia creates an 'atomized citizenry' that relates to the state on a personal basis with a patron, rather than through any other collective demands that they might have. Moreover, citizens' expectations of immediate material rewards hamper the state's ability to implement costly reforms with future benefits, constraining the actions of 'potential reformers and institution builders'. In line with our emphasis on the detrimental effects of clientelism on state legitimacy, he concludes:

> The traditional parties' ability to channel support through clientelist structures, while providing an impressive degree of regime stability, at the same time undermined the authority and legitimacy of the political elite and the state and made the state's task of providing for the social, political, and economic development of the Colombian people nearly impossible in the long term. The Colombian people, disarticulated and disaggregated through the mechanism of broker clientelism, have been unable to create functional organizations that might better represent their interests and needs before the state. (Archer 1990, p. 38)

Similarly, studying the case of the northern department of Sucre, Escobar (2002) argues that clientelism has remained strong in Colombia, hurting citizens' ability to collectively improve political participation and value broader and longer-run benefits over immediate rewards for their votes. Moreover, this persistence is despite democratizing reforms of the late 1980s and early 1990s (among others, popular election of local mayors since 1988 and the promotion of new political parties and movements since the 1991 Constitution).

Table 6 investigates a potential symptom of society's fragmentation, namely that the ability to mobilize and protest collectively is weaker in those areas with more clientelism and a weaker state. To do this, we run regressions for clientelism (columns (1)–(3)) and tax evasion (columns (4)–(6)) on *municipal-level* protests as recorded by Colombian NGO Cinep (between 2005 and 2014). The regressions code three types of social struggles: labour struggles, peasant and indigenous struggles, and civil struggles. For each protest, there is information on the place (municipality) and date, actors involved, modes of struggle, conveners and adversaries. Using the information on adversaries, we examine the correlation between tax evasion and clientelism with the total number of protests against (local or national) authorities and armed groups. Columns (1) and (3) include no controls; columns (2) and (4) include our usual demographic and geographic controls, as well as municipal population to account for scale effects. Finally, columns (3) and (6) add our bad controls. Regardless of the specification, there is a negative and typically statistically significant correlation. These findings suggest that clientelism is indeed associated with a more fragmented society that can weaken collective action, further consolidating state weakness. It also falls in line with the observation for Great Britain by Tilly (1995) where a strengthening of the state changed the nature of popular contention, creating a public sphere and producing collective action for broad claims on the state.

The social contract: both sides mutually justified in defaulting

The social contract in the ideal type of a 'consensually strong state' à la Acemoglu gives roles to each side: citizens pay taxes and obey the law, politicians use public resources for the common good. Our data do not suggest that the Colombian social contract is of this form. A clientelistic party buying votes sends the signal that it derives a private benefit from public office. Indeed, from the mere fact that the politician is willing to pay for a vote, voters infer that politicians are plausibly deriving some private rents from power. But the politician's action justifies the citizen's decision to not align themselves with the more idealistic form of social contract.[24] Moreover, when citizens do not pay taxes and break the law, they have no stakes in defending an ideal social contract and controlling politicians and the state (García-Villegas and Revelo Rebolledo 2010; De León Monsalvo 2011; Hernández 2010). This helps to consolidate the equilibrium with a consensually weak state and prevalent clientelism.[25]

Table 7 presents some results consistent with the relevance of this mechanism. In particular, we investigate the correlation between clientelism and tax evasion with various measures of the extent to which citizens are willing to break norms. We examine three indicator variables, one for each one of the three panels in the table. *Breaking the law* equals 1 if respondents 'totally agree' or 'agree' with the statement: 'To capture criminals, authorities should sometimes break the law.' *Agree with bribery* equals 1 if respondents 'totally agree' or 'agree' with the statement: 'Considering how things are, sometimes paying a bribe is justified.' *Justice into own hands* equals 1 if respondents

TABLE 6
CLIENTELISM AND TAX EVASION IN COLOMBIA: PROTESTS

Dependent variable:	Clientelism			Tax evasion		
	(1)	(2)	(3)	(4)	(5)	(6)
Protest against local authorities	−0.0333**	−0.0530***	−0.0303*	−0.0148	−0.0302*	−0.0040
	(0.0143)	(0.0159)	(0.0163)	(0.0140)	(0.0158)	(0.0162)
R-squared	0.001	0.057	0.067	0.000	0.032	0.047
Altonji		−2.692	10.160		−1.957	0.374
Delta Oster		−9.681	6.011		−3.001	0.803
Beta Oster		−0.0692	−0.0289		−0.0559	0.0011
Protest against national authorities	−0.0149**	−0.0178**	−0.0098	−0.0167***	−0.0243***	−0.0129
	(0.0058)	(0.0086)	(0.0087)	(0.0057)	(0.0087)	(0.0087)
R-squared	0.001	0.056	0.066	0.002	0.033	0.048
Altonji		−6.085	1.938		−3.178	3.462
Delta Oster		1.938	1.279		1.687	1.499
Beta Oster		−0.0308	−0.0037		−0.2458	−0.0078
Protest against armed groups	−0.0588***	−0.0462**	−0.0406**	−0.0228**	−0.0665***	−0.0624***
	(0.0103)	(0.0190)	(0.0189)	(0.0099)	(0.0187)	(0.0186)
R-squared	0.007	0.056	0.067	0.001	0.034	0.049
Altonji		3.678	2.232		−1.521	−1.575
Delta Oster		0.487	0.757		3.787	8.065
Beta Oster		1.2233	0.0600		−0.6783	−0.1715
Individuals controls	No	Yes	Yes	No	Yes	Yes
Geographic controls	No	Yes	Yes	No	Yes	Yes
Municipality population	No	Yes	Yes	No	Yes	Yes
Other individuals controls	No	No	Yes	No	No	Yes
Observations	4945	4945	4945	5245	5245	5245

Notes
Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Protest* is the log of (one plus) the total municipal protests carried out against local authorities, national authorities or armed groups between 2005 and 2014. *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). Standard errors (in parentheses) clustered at the community level.
*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

TABLE 7
CLIENTELISM AND TAX EVASION IN COLOMBIA: BREAKING NORMS

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Breaking the law	0.0245**	0.0253**	0.0209*	0.0205*	0.0353***	0.0295**	0.0246**	0.0223**
	(0.0115)	(0.0116)	(0.0115)	(0.0115)	(0.0113)	(0.0115)	(0.0113)	(0.0113)
R-squared	0.001	0.001	0.107	0.111	0.002	0.001	0.092	0.096
Altonji			4.711	4.232			5.032	3.080
Delta Oster			10.349	10.744			10.931	8.319
Beta Oster			0.0192	0.0189			0.0228	0.0199
Agree with bribery	0.1144***	0.1143***	0.0916***	0.0902***	0.0965***	0.0968***	0.0793***	0.0775***
	(0.0157)	(0.0159)	(0.0157)	(0.0157)	(0.0156)	(0.0159)	(0.0157)	(0.0157)
R-squared	0.010	0.010	0.113	0.116	0.007	0.007	0.096	0.100
Altonji			4.030	3.733			4.536	4.014
Delta Oster			7.723	8.104			8.888	9.155
Beta Oster			0.0826	0.0817			0.0724	0.0709
Justice into own hands	0.0481***	0.0451***	0.0287**	0.0277**	0.0784***	0.0760***	0.0559***	0.0529***
	(0.0119)	(0.0120)	(0.0119)	(0.0119)	(0.0117)	(0.0119)	(0.0118)	(0.0118)
R-squared	0.003	0.003	0.107	0.111	0.008	0.008	0.096	0.099
Altonji			1.744	1.588			2.782	2.282
Delta Oster			4.244	4.382			5.770	5.513
Beta Oster			0.0225	0.0219			0.0479	0.0448

TABLE 7
CONTINUED

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Municipality fixed effects	No	No	Yes	Yes	No	No	Yes	Yes
Individual controls	No	No	Yes	Yes	No	No	Yes	Yes
Geographic controls	No	No	Yes	Yes	No	No	Yes	Yes
Other individual controls	No	No	No	Yes	No	No	No	Yes
Observations	5095	4949	4949	4949	5398	5250	5250	5250

Notes
Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Breaking the law* equals 1 if 'totally agree' or 'agree' with statement 'To capture criminals, authorities should sometimes break the law'. *Agree with bribery* equals 1 if 'totally agree' or 'agree' with statement 'Considering how things are, sometimes paying a bribe is justified'. *Justice into own hands* equals 1 if 'totally agree' or 'agree' with statement 'When the government does not punish criminals, it is okay that people take justice into their own hands'. *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). *Other individual controls* include wealth, household expenses, an indicator identifying urban or rural places, education (primary or less, secondary or college), and employment situation (dummies identifying whether the respondent is employed, unemployed or out of the labour force). Standard errors (in parentheses) clustered at the community level.
*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

'totally agree' or 'agree' with the statement: 'When the government does not punish criminals, it is okay that people take justice into their own hands.' All estimates are positive and statistically significant (and have Altonji and Oster δ ratios exceeding 1).

Notice also that in the context of these mutual justifications between politicians and citizens, there can also be negative spillovers between citizens. Indeed, a law-abiding citizen may be discouraged from obeying the law if he observes that others instead take advantage of it. Consistent with these ideas, Buffat and Senn (2017) show that cooperation in a public good game falls in the presence of corruption (in the form of bribes to the punishment authority). Similarly, in a field experiment, Beekman *et al.* (2014) show that corruption in the form of missing inputs for a development intervention discourages individual voluntary contributions to local public goods. Interestingly, in the Buffat and Senn (2017) experiment, cooperation diminishes not just because the punishment of low contributors falls with corruption. In line with these possible negative spillovers within citizens, bribery discourages initially high contributors who gradually decrease their contributions down to the level of initially low contributors. A similar mechanism in the context of tax evasion can likely arise: initially honest taxpayers may reduce their level of contributions after observing that others can get away with cheating. This effect goes beyond the idea that citizens may be discouraged when observing that the state is not accountable, and implies a sort of 'social multiplier' effect.

The social contract: undermining the role of elections

Closely connected with the previous phenomenon, clientelistic vote buying undermines the ideal role of elections. Ideally, politicians and parties are accountable to voters, who decide to keep them or remove them based on their performance in the office. In a clientelistic relationship, rather than voting and controlling the winner (demanding that he fulfil his promises while in office, and not voting for him in the future if necessary), voters give their vote, get their money or direct benefit, and the deal is over. A key implication is that the incentives to gather information are weak, and in fact one of the prevailing ideas to overcome clientelism is improving voter knowledge (Fujiwara and Wantchekon 2013). Admittedly, one caveat is that some types of 'relational' clientelism require a constant relationship beyond elections, and delivery of transfers off the election cycle (particularly to brokers and dealers). But even when this is the case, citizens need be informed only about the particularistic benefits that they receive, not about the politician's overall performance in office. Also, this exchange suffers from the set of problems discussed above. Among others, this implies that the exchange reduces public goods and investments in state capacity, benefits are not demanded by an organized cohesive citizenry but instead operate with a fragmented citizenry, and rents are often diverted (illegally or otherwise) to produce private gains.

Table 8 examines our data from Colombia, exploring the correlation between clientelism and tax evasion with three measures of political interest and engagement, together with one proxy for the extent to which voters are well informed. The three measures of political engagement are the following indicator variables. *Party identity* equals 1 if the respondent answers 'yes' to the question: 'Do you remember which party you voted for mayor of your city or municipality?' *Persuasion* equals 1 if the respondent has tried to convince others to vote for a particular party or candidate. *Ideology* equals 1 if the respondent claims to have a defined ideology (left, left-centre, centre, right-centre or right) following the question: 'People often speak of political leanings from left to right. According to the meaning that the terms 'left' and 'right' have for you, what

TABLE 8

CLIENTELISM AND TAX EVASION IN COLOMBIA: POLITICAL ENGAGEMENT AND INFORMATION

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Party identity	0.0724***	0.0735***	0.0532***	0.0551***	0.0463***	0.0482***	0.0222*	0.0275**
	(0.0108)	(0.0109)	(0.0117)	(0.0118)	(0.0108)	(0.0109)	(0.0119)	(0.0119)
R-squared	0.009	0.009	0.110	0.114	0.003	0.004	0.092	0.096
Altonji			2.625	2.997			0.854	1.323
Delta Oster			3.579	4.276			1.577	2.576
Beta Oster			0.0429	0.0470			0.0090	0.0185
Persuasion	0.1231***	0.1226***	0.1250***	0.1272***	0.0338**	0.0307**	0.0192	0.0260*
	(0.0146)	(0.0149)	(0.0149)	(0.0150)	(0.0147)	(0.0150)	(0.0150)	(0.0151)
R-squared	0.014	0.013	0.119	0.123	0.001	0.001	0.092	0.096
Altonji			−52.223	−27.556			1.677	5.459
Delta Oster			33.406	37.968			3.869	11.142
Beta Oster			0.1260	0.1290			0.0147	0.0243
Ideology	0.0437***	0.0435***	0.0341***	0.0355***	0.0316***	0.0323***	0.0223*	0.0292**
	(0.0111)	(0.0112)	(0.0114)	(0.0115)	(0.0111)	(0.0112)	(0.0115)	(0.0116)
R-squared	0.003	0.003	0.108	0.112	0.002	0.002	0.092	0.096
Altonji			3.633	4.459			2.219	9.315
Delta Oster			6.664	8.071			4.420	12.155
Beta Oster			0.0303	0.0326			0.0180	0.0281
Information sources	−0.0112**	−0.0126***	−0.0028	−0.0020	−0.0139***	−0.0138***	−0.0122***	−0.0066
	(0.0044)	(0.0044)	(0.0046)	(0.0049)	(0.0044)	(0.0045)	(0.0046)	(0.0049)
R-squared	0.001	0.002	0.106	0.110	0.002	0.002	0.093	0.096
Altonji			0.281	0.190			7.773	0.926
Delta Oster			0.665	0.451			9.109	1.922

TABLE 8
CONTINUED

Dependent variable:	Clientelism				Tax evasion			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Beta Oster			0.0015	0.0027			−0.0115	−0.0035
Municipality fixed effects	No	No	Yes	Yes	No	No	Yes	Yes
Individual controls	No	No	Yes	Yes	No	No	Yes	Yes
Geographic controls	No	No	Yes	Yes	No	No	Yes	Yes
Other individual controls	No	No	No	Yes	No	No	No	Yes
Observations	5095	4949	4949	4949	5398	5250	5250	5250

Notes
Clientelism is a dummy variable that equals 1 if, when deciding who to vote for, the respondent has taken into account the benefits, gifts or jobs that a candidate has offered in exchange for the vote. Tax evasion is a dummy variable that equals 1 if the respondent answers yes to the question: 'Could you tell me if you normally accept buying without a receipt, to avoid the VAT?' *Party identity* equals 1 if answering 'yes' to: 'Do you remember which party you voted for mayor of your city or municipality?' *Persuasion* equals 1 if respondent has tried to convince others to vote for a particular party or candidate. *Ideology* equals 1 if respondent has a defined ideology (left, left-centre, centre, right-centre or right) following the question: 'Often, people speak of political leanings from left and right. According to the meaning that the terms "left" and "right" have for you, what political tendency do you sympathize with? *Information sources* is the sum of sources used (among radio, newspapers, internet, magazines, books and television) to learn about the country's situation. *Individual controls* are age, age squared, gender, race and ethnicity. *Geographic controls* include agricultural suitability, elevation, rainfall, ruggedness, temperature, and (geodesic) distance from household location to the coast, the closest main city (Bogotá, Medellín or Cali), and the nearest main port city (Barranquilla, Cartagena, Santa Marta or Buenaventura). *Other individual controls* include wealth, household expenses, an indicator identifying urban or rural places, education (primary or less, secondary or college), and employment situation (dummies identifying whether the respondent is employed, unemployed or out of the labour force). Standard errors (in parentheses) clustered at the community level.
*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

political tendency do you sympathize with?' On the other hand, our proxy for voter knowledge is the variable *Information sources*, which sums the sources that the respondent claims to use (among radio, newspapers, internet, magazines, books and television) to learn about the country's situation.

There is a positive and robust relationship between each of the measures of political engagement with the clientelism and tax evasion measures. In contrast, these phenomena are *negatively* correlated with 'information sources'. This could be surprising at first in the sense that more politically engaged individuals should, in principle, be more active citizens demanding accountability from politicians. Also, the literature on vote buying and directed transfers often emphasizes that strategic politicians should direct rewards to 'swing' voters rather than 'partisan' supporters. However, this pattern is consistent with situations where clientelism is a common form of political engagement and voters are 'endogenously' loyal (Diaz-Cayeros *et al.* 2016) towards clientelistic parties. Political involvement with highly clientelistic parties creates political engagement, but disincentivizes voters from gathering information.

IV. AFRICA

Though we do not have other similarly rich data sources to examine whether our findings hold up elsewhere in the world, readily existing data for Africa on both vote buying and tax evasion do allow us to get a sense of whether the fundamental relationship between state weakness and clientelism holds elsewhere.

Panel B of Table 1 summarizes, for countries in the Afrobarometer surveys, the prevalence of tax evasion and clientelism. 26% of respondents point out that they did not
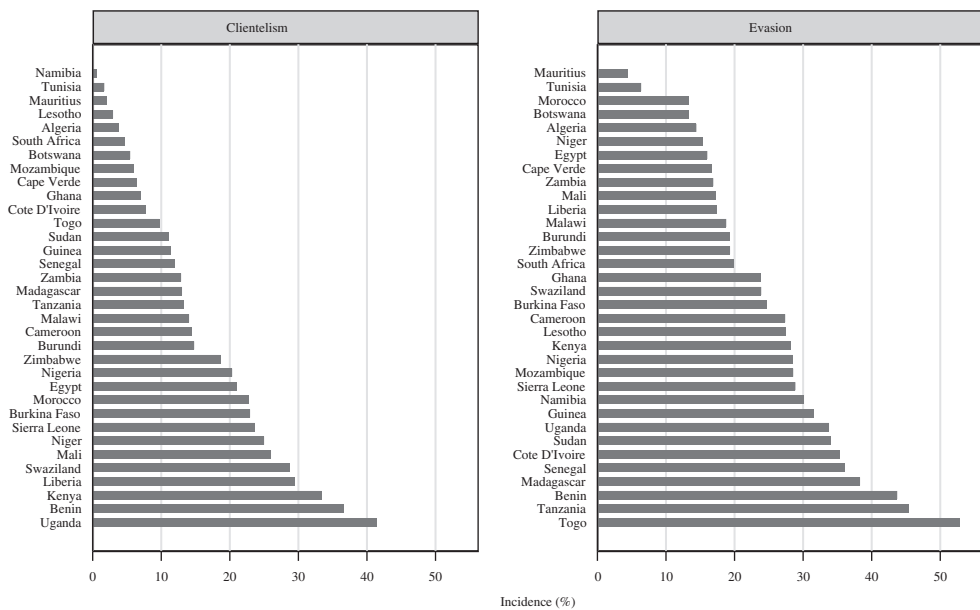

FIGURE 6. Clientelism and tax evasion incidence—Africa. *Notes*: Fifth round of Afrobarometer. Clientelism is measured as a dummy variable that equals 1 if the respondent ever received private benefits from a politician in return for the vote. Tax evasion is measured as a dummy variable that equals 1 if the respondent has or would 'Refuse to pay a tax or fee to government' following a prompt asking whether he has personally done it during the past year or would do it given the chance.

(or had no intention to) pay taxes or fees to the government. Turning to clientelism, around 16% of respondents state that during the last national election, a candidate or someone from a political party offered them something, such as food or a gift or money, in return for their vote.

Figure 6 reveals substantial variation across countries in the incidence of clientelistic vote buying and tax and fees evasion in Africa. Reported levels are as low as 0.59% in Namibia and as high as 40.95% in Uganda for clientelism, whereas tax evasion ranges from 4.33% (Mauritius) to 49.17% (Togo).

Table 9 reports the results of correlating clientelistic vote buying with a dummy variable for whether respondents evade government taxes and fees (tax evasion). All regressions in this table report robust standard errors clustered at the country level. We find a positive and significant correlation between clientelistic vote buying and tax evasion. The correlation is apparent when not including any additional controls (column (1)), and is robust (both in magnitude, which decreases only slightly, and statistical significance, which remains at more than the 99% confidence level) to including several additional controls and fixed effects in columns (2)–(4). In particular, column (2) includes respondent age, gender and zone (urban, semi-urban or rural areas). Column (3) also

TABLE 9
CLIENTELISM AND TAX EVASION: AFRICA

	(1)	(2)	(3)	(4)	(5)
Evasion	0.0732***	0.0720***	0.0614***	0.0546***	0.0524***
	(0.0151)	(0.0147)	(0.0124)	(0.0115)	(0.0111)
R-squared	0.008	0.015	0.148	0.179	0.183
Altonji		59.930	5.199	2.926	2.507
Delta Oster		1.666	4.643	4.975	4.871
Beta Oster		0.0307	0.0524	0.0467	0.0444
Age, gender and zone	No	Yes	Yes	Yes	Yes
Race fixed effects	No	No	Yes	Yes	Yes
Ethnic group fixed effects	No	No	Yes	Yes	Yes
Language fixed effects	No	No	Yes	Yes	Yes
Region fixed effects	No	No	No	Yes	Yes
Other individual controls	No	No	No	No	Yes
Observations	41,913	41,913	41,913	41,913	41,421
Countries	28	28	28	28	28

Notes
Fifth round of Afrobarometer. Tax evasion is measured as a dummy variable that equals 1 if the respondent has or would 'refuse to pay a tax or fee to government' following a prompt asking whether he has personally done it during the past year or would do it given the chance. *Other individual controls* include wealth, education (primary or less, secondary or college), and employment situation (dummies identifying whether the respondent is employed, unemployed or out of the labour force). Standard errors (in parentheses) clustered at the country level.
*, **, *** indicate significant at the 10%, 5%, 1% level, respectively.

includes racial, ethnic and language group fixed effects. Column (4) adds fixed effects for regions within countries. Finally, column (5) includes individual-level wealth, education and employment status (which we include separately since an argument could be made that these are 'bad' controls).[26] The magnitude of the correlation (choosing the coefficient in column (4), which includes the complete set of controls) implies that a one-standard-deviation increase in tax evasion (0.44) is associated with an increase in clientelism 14.8% as large as the mean incidence and 6.6% of a standard deviation.

These results provide *prima facie* evidence of a symbiotic relationship between clientelism and the quality of democracy more generally and the state's strength reflected in its ability to successfully impose taxes and fees on citizens that goes beyond the Colombian case. Indeed, there is a robust and quantitatively important correlation between the degree to which citizens are willing to pay taxes and fees and clientelistic vote buying.[27]

V. CONCLUSION

In this paper, we have presented evidence that there is an intimate connection at the micro level between state weakness, measured by the propensity to evade taxes, and clientelism. Though scholars have noted this association at a macro level, the main contribution of our study is the first to document it at the individual level.

Our other main contribution is to show the presence of some key correlations between clientelism and tax evasion that likely make this connection very hard to break, justifying our use of the word 'trap'. Clientelism, as a personalized relationship between an individual citizen and a politician, is anathema to the provision of public goods. Patrons and clients deal in private goods, so clients see no interest in paying taxes to a state to provide public goods, while patrons see no incentive to build state institutions to provide such goods. At the same time, the weakness of the state facilitates this type of exchange. Further, people who engage in clientelism and tax evasion are reciprocal, and thus good interlocutors for political exchanges. They are relatively embedded in the political system, are in contact with politicians, and have well-defined ideologies. So this is not some simple issue of political alienation. However, they are also relatively uninformed about politics, because they know what they want and how to get it. They are willing to break the rules probably because the world in which they live is one of expediency and little state legitimacy. Finally, while they are relatively unfavourable to democracy, they are less likely to protest, most likely because clientelism fragments society and undermines the propensity for collective action.

Looked at from either the supply side or the demand side, in this situation there will be little pressure to make the state stronger. If that were to happen, then it would be more difficult to evade taxes and distribute clientelism. The up side would be better public good provisions, but providing these is not rational for politicians (they cannot be targeted at supporters and withheld from opponents), and demanding them is not a best response for citizens engaged in clientelism.

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NOTES

1. As we discuss in detail in Section I, more specifically we measure this by people explicitly agreeing to purchase goods without a receipt so as to allow for the evasion of VAT.
2. Weigel (2020) provides some relevant experimental evidence that when people are taxed more, they demand more accountability. Cullen *et al.* (2021) document that tax evasion depends on people's attitudes towards the government, and in particular whether or not they are politically aligned with it. And Keefer *et al.* (2020) show that individuals' impatience and trust towards politicians may shape the composition of public spending.
3. The Online Appendix describes all variables and sources used in the analysis. Here we focus on our main variables of interest.
4. Some features of this module are described in Fergusson and Riaño (2014).
5. Studies of electoral behaviour using list experiments include Gonzalez-Ocantos *et al.* (2012) and Corstange (2010, 2012). In the Colombian context, they have been used recently to study support towards specific groups, in particular the military and rebel groups (Matanock and García-Sanchez 2011; Steele and Shapiro 2012).
6. We find no difference on the direct question between *control 1* and *control 2*.
7. A field experiment on Chilean firms by Pomeranz (2015) is consistent with the critical role of VAT evasion in final sales. Naritomi (2019) also studies the role of consumers, yet the emphasis is on their role as whistleblowers of firms' final sales transactions in Brazil, in exchange for monetary rewards as part of an anti-tax-evasion programme.
8. There might be other reasons beyond morale hurdles that could made a consumer unwilling to collude. For example, by not producing a receipt, a consumer might be waiving her or his right to return, exchange or refund of the product, as well as to be protected by the law against the buyer.
9. An example from a 1999 TV commercial is available at https://www.youtube.com/watch?v=Ai-c_4xI1bI (accessed 23 October 2021). The camera displays a striped shirt bought 'with a receipt', yet as it zooms out, the shirt is actually a convict's shirt with handcuffs, and the sign changes to 'without a receipt'. A voiceover says: 'If you buy without a receipt, you are complicit in evasion and are violating the law ... Don't cheat on Colombia. Always demand a receipt.'
10. In this notation, there are $j=1,\ldots,J$ control items and one ($j=J+1$) sensitive item, and $Z_{ij}(t)$ indicates i's preference for j under treatment status $t \in \{0,1\}$, where $t=0$ denotes the control list, and $t=1$ denotes the treatment list.
11. The 28 countries are Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Ghana, Guinea, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, Zambia and Zimbabwe.
12. When including controls in our regressions, we focus on plausibly exogenous variables that do not respond to either clientelism or tax evasion to avoid a 'bad control' problem (Angrist and Pischke 2008). Nevertheless, we also include such controls in one specification for completeness.
13. See Murphy and Topel (1990), Altonji *et al.* (2005, 2011), Bellows and Miguel (2009), and Oster (2019). The Online Appendix briefly reviews those methods.
14. The survey is not representative at the municipality level, so Figure 1 is merely illustrative of the correlation that we explore in more detail below.
15. In other contexts where clientelistic vote-buying is prevalent, researchers have found both underreporting in direct questions relative to the list (Gonzalez-Ocantos *et al.* 2012; Corstange 2012), and rates of reporting similar to ours (Cruz 2019).
16. See also Gelman (2014).
17. Simpser (2017) presents a model in which, because a person's answer in a survey influences the interviewer's opinion of the person, second-order beliefs that respondents have about how interviewers view them play may bias their responses to list experiments. Presumably, individual (unobserved) second-order beliefs should vary depending on (observable) individual circumstances. Nevertheless, we find that for both practices, the lack of bias holds for individuals with varying observable features. These findings resonate with the idea that these behaviours are widely perceived as normal, and is inconsistent with the notion that the lack of bias is an artefact of second-order beliefs.
18. For instance, the 2015 round of the Latin American Public Opinion Project (LAPOP) includes, in addition to vote buying, other clientelistic strategies and voter manipulation in a sample of Colombian municipalities with high incidence of historical violence and illegal economies. In particular, it contains list experiments to test for vote buying, positive (and negative) patronage—promising to give (or threatening to remove, respectively) benefits contingent on electoral support—and direct intimidation. The resulting estimates suggest no significant evidence of vote buying (or of negative patronage, though the incidence of intimidation and positive patronage is approximately 7% of voters in both cases). This difference likely

reflects the particular sample in the LAPOP, but there is a similarity with our results; while estimates are much noisier given their smaller sample, there is no evidence of social desirability bias either. See García *et al.* (2015).

19. Aside from the importance of the result, one practical implication of documenting no social desirability bias is that we can rely on the direct questions as reliable measures of the incidence. Therefore, to maximize statistical power and rely on the simplest empirical methods possible, in what follows we report results from regressions using the direct questions.

20. Regarding the possible role of unobservable selection, our results are very reassuring that there is a real relationship between clientelism and tax evasion. Not only is the *Altonji* ratio much larger than 1 for all specifications, but even in the estimate of column (5) of Table 2, Oster's measure suggests that unobservables would need to be almost 4.3 times as important as observables to produce a zero correlation between these two variables.

21. Column (3) also reports Altonji's ratio, Oster's δ ratio, and Oster's lower bound of the effect of interest, to help to assess the potential relevance of unobservable selection.

22. Despite the broad pattern of a negative correlation, we note that in some cases, the Altonji and Oster coefficients and bounds suggest that these correlations might partly reflect unobservable selection. Also, we do not control for the 'bad controls' that we used in Table 2 because several of these controls are constructed based on the dwelling characteristics that we exploit in this table.

23. Lawson and Greene (2014) also find more support for clientelism among voters randomly assigned to an anti-civic prime (asked whether they agreed that people did not get ahead unless they took advantage of others) relative to a civic prime (asked whether they believed that it is important to live in a democracy).

24. Cullen *et al.* (2021) show suggestive evidence that people in the USA evade more income taxes when the government's preferences do not align with theirs. This is consistent with the idea that citizens are sensitive to whether or not they feel well represented by the government. However, notice that we are emphasizing a mutual justification in 'defaulting' on some ideal social contract that is distinct to a disagreement about the correct policies.

25. García-Villegas (2009, 2017) argues that this is particularly the case in Latin America, where following a Hispanic heritage, the law is interpreted as stemming from a 'pact' between 'equals'. According to this 'pactist' tradition, when one side defaults, the other has the right to default as well. The law (unlike religion or morals) does not hold a higher status than the individual.

26. The lower part of the top panel of Table 9 reports the relevant coefficients of unobservable selection and Oster's lower bound for the β of interest. Both the Altonji ratio and Oster's delta are larger than 1, suggesting that this is unlikely to be driven by omitted variables. Also, the lower bound of the effect is positive and not much smaller than the estimated coefficient.

27. Of course, our Colombian data have the advantage of dealing directly with potential biases in survey respondents and also of including a rich collection of additional household and individual information, which helps us to control for relevant factors more convincingly and explore the potential mechanisms underpinning these correlations as in the previous sections.

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SUPPORTING INFORMATION

Additional Supporting Information may be found in the online version of this article:

Data and variables.
Unobservable selection and coefficient stability.